

Excerpted findings from “A Case Study In Academic Crime: The Charles Koch Foundation at Florida State University”



A joint report of UnKoch My Campus and FSU Progress Coalition

From Chapter 1: Koch, FSU, and Critical Context

- An FSU Faculty Senate investigation found that the Koch agreement was implemented despite widespread faculty attempts to exercise appropriate governance. Dean Rasmussen and economics department chair Bruce Benson used “threats” to create an “atmosphere of intimidation and administrative dictate” ([Standley report](#), 2011)
- The agreement with the Charles Koch Foundation involved several conflicts of interest, including a graduate student who was paid over \$500,000 by the Koch foundation ([2007](#), [2008](#), [2009](#)) to negotiate an agreement his doctoral adviser and department chair, Bruce Benson. Benson received a \$105,000 “administrative cost,” as payment for agreeing to serve a second term as chair ([Benson memo](#), [2008 MOU](#)).
- Among the programming established by Koch was a system of graduate fellowships whose recipients are [required to comply with Koch’s Objectives and Purposes](#), and whose [dissertation topics are vetted for compliance with Koch’s Objectives and Purposes](#) by a Koch representative.
- The Koch [Memorandum of Understanding](#) was amended and re-signed in 2013 without departmental, university, or public notice. It retained many provisions that had been criticized by President Barron and faculty senators.
- A conflict in the summer of 2015 between [FSU Progress Coalition](#) and [administrators](#) and revealed [Koch’s violations of FSU’s donor policy](#), as well as weaknesses in the policy that leave the university open to donor influence.
- A wave of money from Koch’s donor network has flooded in to support programming initiated by the Koch foundation, including post doctoral positions, graduate fellowships, and K-12 programming from the [Searle Freedom Trust](#) and the Koch network’s anonymous donor-advised funds, the [DonorsTrust](#), and [Donors Capital Fund](#).

(Read the full book - [bit.ly/fsubook](#), exec. summary - [bit.ly/fsubooksummary](#), and more - [unkochmycampus.org](#))

From Chapter 3: Mechanisms of Donor Control

- The agreement between FSU and the Koch foundation requires that all parts of the program comply with Koch's "Objectives and Purposes." The Koch foundation retains the right to "discontinue or revoke" any part of the agreement ([2008 MOU](#), [2013 MOU](#), Section 12).
- The Koch appointed advisory board acts to "ensure compliance" with the Koch's Objectives and Principles "through appropriate administrative or legal channels." The board contains one Koch foundation representative, and operates only by unanimous vote, allowing the Koch foundation to have veto power over all decisions ([2008 MOU](#), [2013 MOU](#), Section 7.b).
- The Advisory board maintains implicit and explicit control over all "Affiliated Programs and Positions" as the final authority on the annual renewal of funding for programs, hires, and graduate fellowships ([2008 MOU](#), [2013 MOU](#), Section 7).
- The "Undergraduate Program" set forth in the CKF/FSU agreement was to be overseen by a committee of faculty approved by Koch as well as a Koch representative. There is no evidence of such a committee convening, but the donor was able to create a course, have influence on lower-level gateway courses, establish undergraduate extra-curricular programs, and set up a certificate program. The donor was described as staking a "very broad interest in the undergraduate component of the academic program of the Economics department." See [Chapter 3.B](#) and [Chapter 3.C](#).
- The 2011 Faculty Senate investigation identified two conflicts of interest with the donors, but this report will show that more existed (and still exist) at various levels of FSU's administration. This includes the Board of Trustees, the Office of the President, the Dean of the College of Social Sciences, and the Chair of the Department of Economics. See [Chapter 3.D](#).
- "Principles Courses" in the Department of Economics, which are estimated to reach approximately 7,000 students per year, were overtaken by faculty affiliated with Koch's donor agreement. The faculty investigation found that these gateway courses were "being ceded to a subset of the department that was not representative of the diverse intellectual interests of the department" ([Walker report](#), 2011).

From Chapter 4: Examples of Influence

4.A - Hiring

- Koch Foundation officials were found to have interfered extensively with the early hiring process of faculty, including requirement of approval on the advertisement used prior to posting ([Standley Report](#), 2011) and the conduction of parallel interviews at the professional conference where the search committee was interviewing applicants, against the stated opposition of department officials ([Walker report](#), 2011).
- The SPEFE/EEE advisory board, which included at least one Koch Foundation representative and whose unanimous approval was required for any hires associated with the 2008 MOU, in effect gave Koch veto power over hiring of faculty. Former President Eric Barron at one point admitted that the advisory board culled a list of potential hires from 50 to 16, exercising veto power 34 times ([WCTV](#), 2011).
- The powers of the SPEFE/EEE advisory board were changed in the 2013 MOU so the advisory board's influence over hiring would change from direct veto ability to instead deciding whether a position can be funded after the university had already made a job offer to a candidate. This means the university would be on the hook for whatever offers it makes potential hires whether or not the Koch Foundation decides to fund the position, incentivizing the department to

pursue more candidates that the department would find agreeable and maintaining the foundation's influence ([2013 MOU](#), Section 3.d).

- The SPEFE/EEE advisory board also had influence over the hiring of the "Teaching Specialist Position" and, through the power to decide whether or not to renew funding on an annual basis, was able to consistently maintain such influence throughout the funding period described in the agreement ([2008 MOU](#), [2013 MOU](#), Section 4).

- Hiring powers in the EEE program were extended to donor partners who took on the funding for these positions ([2008 MOU](#), [2013 MOU](#), Section 4.c).

- The Koch Foundation had influence over selection of the Department of Economics Chair, providing Dr. Bruce Benson \$105,000 to remain in the position rather than step down, which was his original intent ([Benson Memo](#)).

4.B - Faculty Scholarly Activity

- The 2008 MOU stipulates the requirements for positions and programs associated with the agreement, including requirements on research and education. All programs and positions related to the agreement must also abide by Koch's Objectives and Purposes as set out in the agreement ([2008 MOU, Section 1](#)).

- Donor partner BB&T was also able to create two professorships to develop and promote a "free-enterprise curriculum" which included a donor designed speaker series and additional courses with donor required reading. ([BB&T Letter](#))

- The integrity of research from FSU's Department of Economics was called into question by members of the larger discipline of economics, calling for heightened skepticism of their peers in the peer review process when FSU research is submitted to journals ([Standley Report](#), 2011).

4.C - Donor Created Curriculum

- BB&T required the Department of Finance to add additional content associated with a "free-enterprise curriculum" to its already existent required coursework ([BB&T Letter](#)).

- Undue donor influence exists/existed in as many as 9 courses, including 3 principles courses in the Department of Economics, 2 through BB&T's program in the Departments of Finance and Economics, and 4 related to the Certificate Program established through the Koch agreement in the Department of Economics. See [Chapter 4.C](#).

- Introductory courses that were affected by the agreement all made use of some version of the same textbook, which was [ranked last](#) in economist Yoram Bauman's ranking of climate change accuracy in economics textbooks. Versions of the textbook created after 2008 include a chapter on the 2008 financial collapse that goes against generally accepted understandings of the causes of the collapse and opens with a quote from the specifically debunked (and Koch-Funded) American Enterprise Institute on this matter. See [Chapter 4.C.2](#).

- The "undergraduate program," ambiguously defined in the [2008 MOU](#), led to the creation of an undergraduate certificate program in the College of Social Sciences, and a minor in the College of Business required many of the courses created or controlled by the donor. The certificate programs were established outside of standard procedures. See [Chapter 4.C.4](#).

- Partner donor BB&T established a Minor in Free Enterprise and Ethics in the College of Business. The minor requires completion of both Principles Courses that are led by EEE (Koch-funded) faculty and includes courses that were created through the agreement. See [Chapter 4.C.4](#).

- Donors were able to pursue several extracurricular initiatives. A [faculty investigation](#) found that "The 'Economics Club' conceived by the Koch agreement is not representative of the diversity of departmental curricular offerings. There were repeated reports that it promotes dogma rather than academic inquiry. Scholarships of \$200/semester are given for (Read the full book - [bit.ly/fsubook](#), exec. summary - [bit.ly/fsubooksummary](#), and more - [unkochmycampus.org](#))

reading books on a list developed by the Koch funded program, not the Economics faculty as a whole. The club website now shows legislative initiatives, an activity specifically prohibited by the Koch Memorandum of Understanding". See [Chapter 4.C.5](#).

4.D - Graduate Fellowships and Post Docs

- [A screening committee](#) made up of SPEFE faculty and the donor advisory board (with a CKF representative) filter for "[Koch-types](#)" who are required to comply with the Objectives and Purposes exactly as in Koch's MOU. Koch can discontinue funding on an annual basis, and [fellows are told that the donor's withdrawal would revert them to department funding](#); a substantial pay cut (from ~\$25,000 to ~\$17,000 per year) and a doubled workload.
- Koch/BB&T doctoral fellows [have their dissertation topics approved for compliance](#), and Koch's standards have been applied to other graduate fellowships not related to Koch's contract. See [Chapter 4.D.1.d](#).
- The Charles Koch Foundation [decides on an annual basis](#) how many fellowships it wants to fund, which allowed it to control to growth of the fellowship program year-to-year.
- An internal review by [the Graduate Policy Committee](#) described several harms of the fellowships including a recruitment disparity on the basis of research topic, and an external review done along with the GPC report noted that [retention was harmed](#) by tying the highest stipends to ideologically constrained positions.
- Several post doctoral positions proposed by Koch were ultimately [funded by a partner donor, the Searle Freedom Trust](#), to support Koch fellowship recipients who went on in careers at Koch funded programs. See [Chapter 4.D.2](#).
- Emails reveal that additional fellowships are being reserved for "Koch-types." Administrators are seen [discussing](#) a non-Koch fellowship fund, "If we are going to offer a Manley Johnson fellowship . . . to a Koch-type student saying so in the [Koch] proposal will be helpful." Dean Rasmussen ultimately [answers](#) "the gift is for a graduate student but we might want to have a modest preference for free market type," ultimately allowing half of the fellows to be chosen by Koch's screening process, and letting the department choose the other.

From Chapter 5: Violations of Florida State Policies

- The faculty investigation's [primary finding](#) was that the Koch agreement allows undue donor influence over hiring, curricular, and extracurricular programs in ways that violate academic freedom and faculty governance. They found that administrators violated faculty governance and bypassed department and university policies in order implement this. Our findings further verify this, especially revelations about the graduate fellowships.
- The Koch agreement violates numerous university donor policies, many times over.
- The donor had influence over several of the parties who negotiated the agreement, representing a conflict of interest. Other conflicts of interest include relationships between decision makers with ties to donors, including FSU's Board of Trustees and departmental review committee.
- Bruce Benson and administrators in the College of Social Sciences obscured the purpose of a \$38,000 Koch foundation grant to ensure that it would go through the FSU Foundation (tax deductible) rather than the FSU Research Foundation (not tax deductible). Though the grant was for Benson to write a book, it was [decided](#) that he "should not mention any particular output or deliverables."